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INDIAN TELEVISION has been taking a big leap every decade or so. In 1982, it was the advent of colour televisions. Then, in 1991, came satellite television.

Direct-to-home (DTH)

services followed in 2004. And now, in 2011, it is the turn of high-definition television (HDTV). The segment is at a nascent stage and growing slowly but steadily: there are 5.4 million HDTV homes in India today—a creditable number, considering that services were launched only in March this year and especially because only nine channels are available in the HDTV format today.

So, what exactly is HDTV? In lay terms, it is a technology that offers viewers a cinema-like experience—high-resolution picture and crystal-clear (Dolby) surround sound. It needs a TV set and set-top box that are HD compatible. Neither comes cheap; a TV can cost anywhere between Rs23,000 and Rs2 lakh, while a set-top box will cost between Rs 1,500 and Rs4,000. Cricket lovers got a taste of what HDTV can offer during this year's ICC World Cup and IPL tournaments. HD viewers could perceive the sharp difference in the quality and sound of the HD telecast and the regular telecast.

"Urban India, which first experienced satellite television way back in 1991, is ready for the next-generation TV experience," says Uday Shankar, CEO of Star India, which is at the forefront of the HDTV charge in India. Star has seven HD channels: Star Plus, Star World, Star Movies, Star One, Star Gold, Nat Geo and ESPN. "Star set up a good foundation for us to talk to other broadcasters and tell them what we have done," says Ashim Gupta, CEO, Dolby India. The only other channels with HD telecast in India are Discovery Channel and Times Global's Movies Now.



NOT QUITE CLEAR

HDTV has finally arrived in India. But the nascent technology has to overcome many challenges to achieve mass adoption.

While Star India has set the HD ball rolling, all stakeholders in the media industry—broadcasters, DTH companies, TV manufacturers and cable operators—are gearing up to go the HD way. "It is a move to the future," remarks Purit Goenka, CEO and MD, Zee Entertainment. Four Zee channels—Zee TV, Zee Cinema, ZeeStudio and Zee Cafe—are set to launch HD feeds from August 15. Meanwhile, Viacom 18 is planning to launch Colors in HD mode in a few months.

Long Rollout Ahead

The various networks may be gearing up for rollouts, but it will be a while before the vast majority of India's 400-plus TV channels get into HD mode. Reason: the costs involved are huge. For starters, an HD channel is a separate channel and needs a separate licence fee of around Rs15 lakh. Also, in order to offer HD content, a broadcaster has to record it in HD format. This involves the use of expensive HD cameras and lights as well as the

Dolby 5.1 surround sound system. An HD camera costs Rs28-30 lakh (soap operas need multiple cameras) in comparison to a standard-definition camera, which is priced at Rs7-10 lakh. The Dolby sound system would need another Rs30-40 lakh. "We literally juked all our old equipment," says Krishnan Kutty, Vice-President, Distribution Strategy, Star India. Star is known to have invested about Rs80 crore for the entire upgradation process. The production cost of each episode of a show has gone up by almost 25%, says Shankar. Camera and light costs as well as post-production costs are usually borne by the company that produces the content. But most Indian content production houses are small boutique outfits that cannot af-

ford such steep investments. "So, we have picked up all the additional costs of the content producer," says Shankar. Santosh Nair, COO of UTV Productions, says that the production environment now is much more disciplined and faster. "We have a server that is connected directly with the Star office. This has helped to eliminate the use of tapes. Now we make the content and put it on the server and it directly reaches the broadcaster." HD

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DEFINING HD

Just what is high definition?

High Definition, or HD, is a digital television broadcasting system with higher resolution than traditional standard definition (SD) television systems. It brings an enhanced television experience with sharper images and more vibrant colours.

HD FEATURES

• WIDER SCREEN

33% wider screen; screen aspect ratio of 16:9 on HD vs. 4:3 on SD.

• 5 TIMES SHARPER PICTURE

Instead of using the conventional 576 lines to plot a TV picture, HD uses 1,080 lines. Thus, there are 2 million pixels per frame in HD, which is five times more than SD.

• 5.1 SURROUND SOUND

5.1 is the common name for six channel surround sound multichannel audio systems. It uses five full bandwidth channels and one low frequency enhancement channel (the 'point one').



THE COSTS GAME

How the costs for HD add up.

	SD	HD
One-time licence fee	₹15 lakh	₹15 lakh
Bandwidth costs	₹15 lakh per month	₹30 lakh per month
Cost of producing a fiction show	₹4-5 lakh per episode	₹4.60-5.75 lakh per episode
Cost of a SD camera	₹7-10 lakh	₹28-30 lakh
Overall increase in costs	—	over 75%

Source: Industry

also consumes almost double the bandwidth of a normal channel. If a standard-definition (SD) channel consumes 2-4.5 Mbps of bandwidth, an HD channel would consume 8-15 Mbps of bandwidth. Additional bandwidth obviously implies higher costs. "If the bandwidth for a normal channel is Rs15 lakh a month, for HD a broadcaster has to shell out Rs30 lakh," points out a media analyst.

For a consumer, the biggest advantage of an HD channel is that the telecast is not interrupted by ad breaks. But that is not good news for an industry where 80% of the revenues come from ads. Since most of the commercials are shot on SD, the broadcasters have kept the channels ad-free. But with production costs escalating by 25%, running an ad-free channel is sure to be a huge strain. "We are going to be patient. We know it will be difficult but it is an investment for the future," remarks Shankar of Star. "When we begin running commercials, they will also be in HD."

Smita Jha, National Practice Leader (Media and Entertainment), PwC, believes that HD will pay back over the long-term. "The players may feel the pinch initially, but it will rationalise," she says. Points out Gaurav Gandhi, CEO of Sun 18 (North): "It is an offering we need to have so that we can provide it if someone asks for it. I don't see consumers flocking to HD overnight." Even in terms of costs, Gandhi doesn't believe that it would put too much pressure on the broadcaster. "The outer costs would be at most \$2 million, which is hardly 2% of our content cost."

DTH Woes

The DTH industry has also had to incur capital expenditure to get HD compliant. Dish TV, for instance, has invested close to Rs50 crore to set up HD telecast and recep-

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tion (set-top boxes) infrastructure. DTH companies' high customer-acquisition costs continue in the HD space too. While a consumer can buy a basic HD set-top box at Rs 1,500, the cost to the company is around Rs4,000. The per-month charge for the HD channels is also nominal. A consumer subscribing to all the channels on a DTH platform shells out around Rs350 and just Rs50 more for the HD channels.

The CEO of a DTH company says that broadcasters are monopolistic and offer content at unreasonable prices. "During the cricket world cup, ESPN charged DTH companies Rs 12,000 per customer for its HD channel, which the DTH companies sold to the customer at just Rs100."

Harit Nagpal, CEO of Tata Sky, believes that DTH operators need to look at subsidies and low pricing as an investment for the future. "The consumer will at best agree to pay a 20-25% premium for HD even if the platform owner offers 70-80 channels. Therefore, broadcasters have to be considerate and not try to milk the cow at an early stage. After all, DTH contributes far more (than subscription revenue)."

Though profitability will be a challenge, all the DTH companies unanimously agree that the future lies in HD. "All the stakeholders have to take a long-term view on the category. Consumers will not migrate to HD overnight. We don't even have adequate HD content to offer them," remarks Ajai Puri, CEO of Airtel DTH. But, adds RC Venkatesh, CEO, Dish TV, "If we don't invest, we will be left behind."

The bigger problem before the TV industry lies in the archaic distribution system. India's analog cable networks are not geared to carry HD channels, which need three times more space. Even the DTH operators don't have adequate spectrum. "There is a big shortage of satellite capacity. HD uses much more space than normal channels and unless an increase in satellite capacity happens with introduction of HD channels, it will be extremely difficult," points out Nagpal of Tata Sky.

As a new technology, HDTV faces many hurdles and will need a while to take off. But, judging by the rapid developments in the space, it will take off at some point. As Sunil Lulla of Times Global puts it: "It may take 20 years for India to turn completely HD, but the technology is here to stay."

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